

COUNTY COUNCIL OF BALTIMORE COUNTY, MARYLAND  
Legislative Session 2020, Legislative Day No. 1

Resolution No. 10-20

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Mr. Tom Quirk, Chairman  
By Request of County Executive

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By the County Council, January 6, 2020

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A RESOLUTION to authorize the County Executive or other authorized administrative official to enter into a written agreement on behalf of the County with Lyon Homes III Preservation LLC (the “Future Owner”) for the payment of stipulated amounts in lieu of regular real property taxes in order to facilitate the development of a rental housing project to benefit eligible persons in Baltimore County.

WHEREAS, it is in the best interest of the citizens of Baltimore County to encourage and facilitate the development of family rental housing for eligible households; and

WHEREAS, the Future Owner is acquiring a parcel of land located at 411 New Pittsburg Avenue in Turner Station, Baltimore County (the “Property”), to be improved through significant rehabilitation of 36 affordable rental units that will be leased to households earning no more than 60% of the area median income.

WHEREAS, the Future Owner intends to operate the Property as rental housing for eligible residents (the “Project”) pursuant to covenants (the “Covenants”) contained in a Declaration of Covenants to be entered into between the Future Owner and the County and recorded among the Land Records of Baltimore County (the “Declaration”); and

WHEREAS, Section 7-506.1, Tax Property Article of the Annotated Code of Maryland provides for a real property tax exemption under certain circumstances, provided that the County and the Future Owner enter into a written agreement for the payment of a negotiated amount in lieu of the applicable real property tax;

NOW THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF BALTIMORE COUNTY, MARYLAND that pursuant to said State statute, it is determined that the Property shall be exempt from real property taxes for the term specified herein; and

BE IT FURTHER RESOLVED, that the County Executive or other authorized administrative official is hereby authorized to enter into a written agreement (the “Agreement”) with the Future Owner on behalf of the County to make the following payments to the County in lieu of paying regular real property taxes:

- a) This Agreement shall be effective from July 1, 2020 (the “Effective Date”) and shall remain effective until the Termination Date (hereinafter defined). The payments to be made by the Future Owner to the County shall be in lieu of all ordinary Baltimore County real property taxes on real property under the Tax-Property Article of the Annotated Code of Maryland (2001 Replacement Volume), as amended. Such payments shall be made by the Future Owner and shall be accepted by the County until the earlier of: (i) a termination of the Declaration prior to the stated expiration date in (vii) below, (ii) a change in the use of the Project for the provision of rental housing for eligible households and related facilities, (iii) sale or other transfer of the Property by the Future Owner without the prior written consent of the County, (iv) failure of the Future Owner to comply in all other respects with the conditions of Section 7-506.1, supra, (v) default by the Future

Owner under the terms of this Agreement, (vi) refinance of the Property such that it would no longer be subject to the Covenants contained in the Deed of Trust, or (vii) June 30, 2030 (the "Termination Date").

(b) Commencing on the Effective Date, the Future Owner shall make annual payments (the "Tax Payment") in arrears at the end of each calendar year. The Tax Payment shall be made prior to payment of any debt service on the Property.

The tax payment shall be \$300.00 per unit for the first 5 years with a 3% annual escalation. In year 6 the payment will increase to \$400.00 per unit with a 3% annual escalation.

(c) Upon the Termination Date, the Agreement for stipulated payments in lieu of real property taxes shall expire, and the Future Owner shall thereafter pay all real property taxes in full when due.

(d) At no time shall the Future Owner be required to pay more than the full amount of taxes based on the Property's then current assessment. The difference between the amount of stipulated payments in lieu of taxes remitted to the County under this Agreement and the amount of full real estate taxes which would have otherwise been paid based on the assessed value of the Property, shall be repaid upon the occurrence of any of the events listed in items (i) through (vi) of Paragraph

(a) prior to the expiration date set forth in Paragraph (a)(vii); and

BE IT FURTHER RESOLVED, that this Resolution shall obligate the Future Owner to submit audited financial statements annually to the Baltimore County Office of Budget and Finance and the Department of Planning within ninety (90) days of the close of the Future Owner's fiscal year; and

BE IT FURTHER RESOLVED that this Resolution shall take effect from the date of its passage by the County Council.